

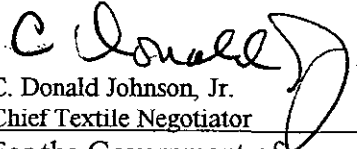
MEMORANDUM OF UNDERSTANDING

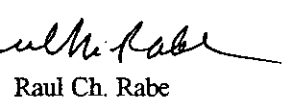
Further to the Memorandum of Understanding of March 5, 1997 and the Memorandum of Understanding of August 19, 1998, representatives of the United States and the Philippines met in Washington on February 24, 1999. As a result of this meeting, it was agreed to extend for four (4) agreement years beginning January 1, 1999 the following provisions:

- (a) to provide special shift in the amount of 10 percent between categories 647/648 and 847;
- (b) to increase by 5.0 percent the special shift available between categories 347/348 and 847, 3.0 percent between categories 338/339 and 638/639; and
- (c) to permit up to 5.0 percent special swing from Group II to any SL in Group I provided that the total amount of such special swing used in any quota year does not exceed 15 percent of the Group II limit.

Pending adoption of the harmonized rules of origin under the WTO, they agreed that the question of extension of this agreement for additional periods will be discussed prior to the end of 2002 based upon the parties' assessment of whether or not there is a continuing impact of implementation of the rules of origin on exports of certain textiles and apparel from the Philippines. The parties also agree that except for the issue of extension of this agreement, this agreement resolves all matters concerning the impact of implementation of U.S. rules of origin on imports of certain textiles and apparel from the Philippines.

The parties will implement the terms of this Memorandum until an agreement is effected by an exchange of notes.


C. Donald Johnson, Jr.
Chief Textile Negotiator
For the Government of
the United States of America


Raul Ch. Rabe
Ambassador
For the Government of
the Republic of the Philippines

February 25, 1999